

810-4-1-.09 Valuation of Aircraft.

(1) PURPOSE - This rule is issued pursuant to the authority contained in Section 40-7-64, Code of Alabama 1975, for the purpose of establishing guidelines and procedures for the valuation of aircraft, except public utility aircraft and commercial air carriers, for ad valorem tax purposes.

(2) PROCEDURES - To ensure the equitable taxation of aircraft in the State of Alabama, the following procedures shall be used for valuing aircraft as of October 1 of each tax year.

(a) The Property Tax Division shall provide annual aircraft valuation guides to county tax assessing officials charged with the duty of assessing aircraft.

(b) Each county official charged with the duty of assessing aircraft shall use the valuation guides provided by the department each year in the appraisal of aircraft for the purpose of assessing aircraft for ad valorem taxation.

(3) GUIDELINES FOR THE ASSESSMENT OF AIRCRAFT SHALL BE:

(a) All aircraft are assessed as Class II property (20% of market value).

(b) The retail value in the valuation guide provided by the Department of Revenue shall be the basis for determining the market value of the aircraft. The market value shall be 89% of the retail value of the aircraft, adjusted for condition, avionics, etc., to arrive at a fair market value.

(c) The purchase price, plus any additional cost for rebuilding or modifications, will be the basis of assessed value when a value is not provided in the valuation guide. The assessed value will be determined by taking 20% of the total cost. However, the assessed value shall not go below the \$500 minimum assessed value for aircraft.

(d) Airplanes used exclusively for the purpose of crop dusting are exempt from ad valorem tax. A taxpayer should claim the exemption at the time the property is assessed.

(e) Aircraft are to be assessed in the county in which the aircraft is generally based, departs from, and returns to in its normal operation. The tax lien attaches to all aircraft with situs in the state on October 1 for collection one year later. If an aircraft is not physically in the state on October 1, this does not mean the aircraft is not taxable for the entire year. If the aircraft is normally kept

in the state, even though it may have been out of the state on October 1, it would be taxable.

(f) An aircraft dealer who claims aircraft on the return as inventory should also provide the county with the following information as it relates to the business: Section 315 license number, sales tax resale number, number of sales in the preceding 36 months, other counties in the state where inventory is located, and a detailed listing of the inventory in the county in the state where inventory is located, and a detailed listing of the inventory in the county where the return is filed, including year, make, model, and N number.

(g) The tax lien shall attach to “kit” or “self-assembled” aircraft at the time it is inspected and approved as airworthy. Prior to inspection and approval as airworthy, the market value of the “parts” will be their cost and the cost will be used as the basis each year until the inspection and approval of airworthiness is achieved. The cost will be indexed using the index using the index factors for the October 1 of each tax year in which the parts are reported.

(h) Any aircraft that is reported as not airworthy is subject to property tax on the lien date of October 1 each year. The market value as determined in (3) (b) will be reduced by the cost to cure the aircraft’s deficiency. This is the adjusted market value subject to tax. The cost to cure the deficiency will be determined by the appraiser based on:

1. Documented statement from licensed aircraft mechanic.
2. Physical inspection of the aircraft.

(i) Hot Air Balloons shall be valued according to the procedures in the Alabama Personal Property Appraisal Manual, as it may be amended from time to time.

Author: Jennifer Hughes
Authority: Sections 40-2A-7(a)(5) and 40-7-64, Code of Alabama 1975
History: Original rule filed April 6, 1984, effective October 1, 1984.
Amended January 26, 1998, effective March 2, 1998.
Amended: Filed November 2, 2004, effective December 7, 2004.